

Message Text

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PAGE 01 PRAGUE 01595 200555Z

ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
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FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC 5597

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E.O. 11652: NA

TAGS: EAIR, CZ

SUBJECT: CIVAIR: GOC SEEKS LARGE RENT HIKE FROM PAN AM

REFS A. PRAGUE 1320, B. PRAGUE 1424, C. PRAGUE 0952, D. STATE 09229

1

1. COLLINS HAY, LOCAL PAN REP, TOLD US JUNE 14 THAT
SPRAVA SLUZEB (GOC OFFICE WHICH RENTS HOUSING AND OFFICE
SPACE TO FOREIGNERS) RECENTLY TOLD HIM HE MUST SOON SIGN NEW
LEASE PROVIDING FOR 133 PERCENT RENT INCREASE OR MOVE OUT OF HIS
PRESENT HOME. SPRAVA SAYS HAY CAN CONTINUE TO OCCUPY HOUSE ONLY
IF PAN AM AGREES TO RENT HIKE FROM 105,000 TO 244,800 CROWNS A YEAR,
EFFECTIVE LAST JANUARY 1. HAY SAYS RENT HIKE IS ABSOLUTELY UNACCEPTA
BLE
TO PAN AM AND MAY CAUSE AIRLINE TO DISCONTINUE PRAGUE SERVICE AND
CLOSE ITS LOCAL OFFICE. HE HINTS THAT SHOULD THIS OCCUR, PAN AM
WILL PRESS DEPARTMENT TO DENOUNCE OR REFUSE TO RENEW BILATERAL AIR
TRANSPORT AGREEMENT (REF A) AND TO BAR CZECHOSLOVAK AIRLINES
FROM SERVING U.S. HE ASKED THAT EMBASSY RAISE THIS MATTER ASAP WITH
MFA SINCE HE WILL SHORTLY FLY TO FRANKFURT TO DISCUSS MATTER
WITH HIS SUPERIORS THERE.

2. DURING JUNE 16 CALL ON CALL ON ZANTOVSKY, HEAD OF MFA'S
SIXTH DEPARTMENT, CHARGE DISCUSSED PROBLEM IN SOME DETAIL. SINCE IT
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PAGE 02 PRAGUE 01595 200555Z

IS LIKELY THAT SUBSTANTIVE AREA OF MFA WAS NOT PREVIOUSLY AWARE OF
SPRAVA SLUZEB'S NEW DEMAND AND OF ITS POSSIBLE ADVERSE AFFECT ON OUR
CIVAIR RELATIONS, CHARGE EXPLAINED THAT LATEST MOVE COULD WELL
FORCE PAN AM TO DROP PRAGUE SERVICE, WHICH HAS LONG GENERATED MANY
HEADACHES BUT FEW IF ANY PROFITS. IF PAN AM PULLS OUT, CONTINUATION
OF OUR CIVAIR AGREEMENT COULD WELL BE THREATENED. ZANTOVSKY INDICATED
HE WAS NOT PREVIOUSLY INFORMED ABOUT LATEST SPRAVA MOVE AND

EXPRESSED APPRECIATION FOR OUR ALERTING HIM TO POSSIBLE RAMIFICATIONS

NOT SURPRISINGLY, HOWEVER, HE MADE NO COMMITMENTS OTHER THAN TO LOOK INTO SITUATION. UNDOUBTEDLY HE UNDERSTANDS SIGNIFICANCE THAT FAILURE TO RENEW OUR BILATERAL, ONE OF VERY FEW AGREEMENTS WE HAVE WITH GOC, WOULD HAVE FOR OUR ALREADY STRAINED RELATIONS.

3. COMMENT: SPRAVA HAS BEEN THREATENING TO MOVE HAY FOR SOME MONTHS, AND WE PREVIOUSLY EXPRESSED OUR CONCERN TO MFA (REFS C AND D). LATEST DEVELOPMENT, COMING SOON AFTER GOC DECISION LAST MONTH TO BAR LONG-SCHEDULED PILOT TRAINING PHOTOS OF PRAGUE AIRPORT FOR PAN AM (REF B), HAS FURTHER TAXED HAY'S PATIENCE WITH GOC OFFICIALDOM. HE APPRECIATED CHARGE'S PROMPT ACTION IN RAISING MATTER WITH FMA AND PROMISED TO INFORM US OF RESULTS OF HIS MEETING NEXT WEEK IN FRANKFURT.
DECONTROL JUNE 19, 1979.
BYRNE

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